

Message Text

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PAGE 01 PARIS 24711 182056Z

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C O N F I D E N T I A L PARIS 24711

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E.O. 11652: GDS

TAGS: PFOR, FR

SUBJECT: GISCARD BACKGROUNDER

1. BEGIN SUMMARY: GISCARD MET WITH SEVERAL AMERICAN REPORTERS FOR DEEP BACKGROUND CONVERSATION OCTOBER 17. MEETING LASTED 45 MINUTES AND COVERED GISCARD'S VIEWS ON ENERGY COOPERATION, FRANCO-AMERICAN SUMMIT, WORLD SITUATION, EC, MIDDLE EAST, SOVIET POLICY AND FRENCH ECONOMIC POLICY. PARTICIPANT HAS BRIEFED US ON CONVERSATION, SAYING THAT INTERVIEW WILL NOT BE PUBLISHED. END SUMMARY.

2. ENERGY: IN RESPONSE TO A QUESTION, GISCARD ADMITTED THAT FRANCE'S POLICY OF REMAINING APART FROM THE ECG HAD NOT BORNE POSITIVE RESULTS, ALTHOUGH HE MAINTAINED THAT FRANCE WOULD HAVE MORE INFLUENCE WITH ARAB OIL PRODUCERS BY REMAINING OUTSIDE OF ECG THAN BY JOINING. HE LEFT IMPRESSION THAT FRANCE WOULD MAKE AT LEAST ONE MORE TRY TO ACHIEVE SEPARATELY A MORE SATISFACTORY RELATIONSHIP WITH OIL PRODUCERS. HE SAID THAT HE THOUGHT THE PRICE OF OIL WOULD BE LOWERED BY ONE DOLLAR BY THE END OF THE YEAR, ALTHOUGH HE DID NOT DESCRIBE THE BASIS FOR HIS OPTIMISM.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PARIS 24711 182056Z

3. FRANCO-AMERICAN SUMMIT: GISCARD SAID HE WISHED TO

DISCUSS FIVE ISSUES WITH PRESIDENT FORD: FIRST AND FOREMOST, THE US ATTITUDE TOWARD EUROPE - INCLUDING AMERICAN POLICY TOWARD EUROPEAN UNITY; SECOND, INFLATION AND WORLD ECONOMIC DISORDER, AND WHAT WE CAN DO TOGETHER TO MEET THESE PROBLEMS (GISCARD'S LISTENERS HAD IMPRESSION THAT HE WAS TALKING ABOUT BILATERAL COOPERATION); THIRD, ENERGY PROBLEM; FOURTH, MIDDLE EAST, PARTICULARLY FRANCO-AMERICAN DIFFERENCES OVER PALESTINIAN ISSUE; FIFTH, SITUATION IN INDO CHINA. WITHOUT CITING SPECIFICS, GISCARD SAID HE THOUGHT FRANCO-AMERICAN RELATIONS HAVE IMPROVED OF LATE.

4. WORLD SITUATION: GISCARD SAID HE SHARED WHAT HE DESCRIBED AS "SECRETARY KISSINGER'S GLOOMY VIEW" OF THE WORLD SITUATION. HE SAID THAT THE WORLD WAS CAUGHT UP IN A PHASE OF "NEGATIVISM" WHICH WAS COMPOUNDED BY THE RUPTURE OF THE WORLD MONETARY SYSTEM WHICH HE TRACED TO "US DESTRUCTION OF FIXED PARITIES." HE NOTED THAT CURRENT ECONOMIC PROBLEMS IMPACTED MOST ON THOSE COUNTRIES WHICH ALREADY HAD SERIOUS ECONOMIC PROBLEMS, CITING AS EXAMPLES ITALY, THE UK AND PORTUGAL.

5. EC-UK RELATIONS: GISCARD SAID EC EIGHT WOULD NOT ACCEPT FORMAL CHANGE IN THE TREATY OF ROME AS THE PRICE FOR RETAINING BRITAIN IN THE EC. THIS WAS MADE CLEAR TO UK DURING GISCARD'S EC "DINNER SUMMIT", HE ADDED.

6. EC SUMMIT: GISCARD SAID HE HOPED TO CALL AN EC SUMMIT FOR THE SECOND HALF OF NOVEMBER, BEFORE HIS BILATERAL MEETINGS WITH BREZHNEV AND PRESIDENT FORD. HE SAID THAT THE EC SUMMIT WOULD ADDRESS THE PRESSING PROBLEMS CONFRONTING EUROPE TODAY: INFLATION, ENERGY, AND THE EC REGIONAL POLICY. ACCORDING TO OUR SOURCE, HE MENTIONED ONLY ONE INSTITUTIONAL CHANGE AS AN AGENDA ITEM FOR THE EC SUMMIT: THE ESTABLISHMENT OF A "EUROPEAN COUNCIL" TO BRING TOGETHER MORE REGULARLY HEADS OF GOVERNMENT/CHIEFS OF STATE OF EC NINE. GISCARD SAID HE WOULD SPELL OUT HIS THINKING ON THE EC SUMMIT AND ON FRANCE'S EUROPEAN POLICY MORE FULLY DURING HIS OCTOBER 24 PRESS CONFERENCE.

CONFIDENTIAL

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PAGE 03 PARIS 24711 182056Z

7. SOVIET POLICY: GISCARD THOUGHT THE EVENTS IN PORTUGAL AND ITALY SHOWED THAT THE SOVIET UNION IS WISELY URGING OTHER NATIONAL COMMUNIST PARTIES TO WORK WITHIN THE DEMOCRATIC SYSTEM. WHEN ASKED WHETHER THE POSSIBLE EMERGENCE OF COMMUNIST PARTICIPATION IN THE GOVERNMENTS OF PORTUGAL OR ITALY MIGHT HAVE IMPLICATIONS FOR DOMESTIC POLITICS IN FRANCE, GISCARD SAID HE DID NOT THINK THIS

WOULD BE THE CASE (A STATEMENT WHICH OUR SOURCE DESCRIBED AS "DISINGENUOUS").

8. MIDDLE EAST: GISCARD SPOKE AT LENGTH DEFENDING FRANCE'S STAND ON PLO REPRESENTATION AT THE UNGA. HE SAID THAT SECRETARY KISSINGER'S APPROACH INCLINED TO BE RATHER "PIECEMEAL" AND THAT NEGOTIATIONS CENTERING ON SECURING FRONTIERS BETWEEN CONTESTING PARTIES WAS A GOOD IDEA BUT NOT THE ANSWER TO THE REAL ISSUE. IN GISCARD'S MIND, THE FUNDAMENTAL ISSUE CENTERS ON THE NEED FOR A PALESTINIAN STATE. HE MAINTAINED THAT THE CREATION OF SUCH A STATE ALSO WOULD FRAGMENT ARAB UNITY AND THUS SERVE TO ENHANCE ISRAEL'S SECURITY.

9. FRENCH ECONOMIC POLICY: GISCARD CLAIMED HE HAD ABOUT THREE YEARS WITHIN WHICH TO CARRY OUT THE DOMESTIC REFORMS NEEDED TO SATISFY FRENCH EXPECTATIONS. IN THE MEANTIME, HE EXPECTS NO REPETITION OF THE MAY, 1968 EVENTS. HE HOPES TO REDUCE INFLATION TO ABOUT TEN PERCENT IN THE SHORT TERM, AND PERHAPS LOWER OVER THE LONGER TERM, BUT HE RECOGNIZES THAT IT IS IMPOSSIBLE FOR FRANCE TO REDUCE ITS RATE OF INFLATION TO THE GERMAN LEVEL. MOREOVER, HE SAID, INTEREST RATES WILL REMAIN HIGH EVEN THOUGH THIS WILL CAUSE A GOOD DEAL OF FINANCIAL DISCOMFORT TO SOME OF HIS POLITICAL SUPPORTERS.

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